



# Copley Hospital 2022 Operational Budget

August 23<sup>rd</sup>, 2021



# Agenda



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2. Vision
3. Overview: Highlights, Size, Payment Methods
4. COVID-19 Accomplishments
5. Financials
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  - Past Overall Performance
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7. Rate Request:
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  - Rate Request: Past Performance and Comparison
  - Rate Request: Past Performance, Comparison, and Outcome
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  - Days Cash on Hand: Past Results (w/ COVID Advance Payments)
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  - Adjustments (provider transfers)
  - Operating Expenses
  - Non Operating
  - Operating Margin
8. Risks and Opportunities
9. Value-Based Care Participation
10. Capital Budget Plans



- Joseph Woodin, Administrator
- Jeff Hebert, Chief Financial Officer
- Donald Dupuis MD, Chief Medical Officer
- Kathy Demars, RN, Board Chair



# OUR MISSION: To help people live healthier lives by providing exceptional care and superior service.

## COMMUNITY

Achieving our shared goal  
Of a health community

## SERVICE EXCELLENCE

Excellent care and  
exceeding expectations

## RESPECT & COMPASSION

We respect every individual

## LIFE-LONG LEARNING

Continuous learning and collaboration

## LIFE-LONG NOT-FOR-PROFIT

We offer care and services  
regardless of ability to pay



# Overview: Highlights



Independent, Non-Profit Critical Access Hospital (1 of 8 in VT)



Service Area Population ~ 30,000



25 Bed Critical Access Hospital with 1,900 Admissions



11,000 Emergency Department Visits



470 Employees (385 FTE's, 470 Paychecks, 550 Active Staff – not counting Travelers)



165 Members on Medical Staff representing 28 Specialties

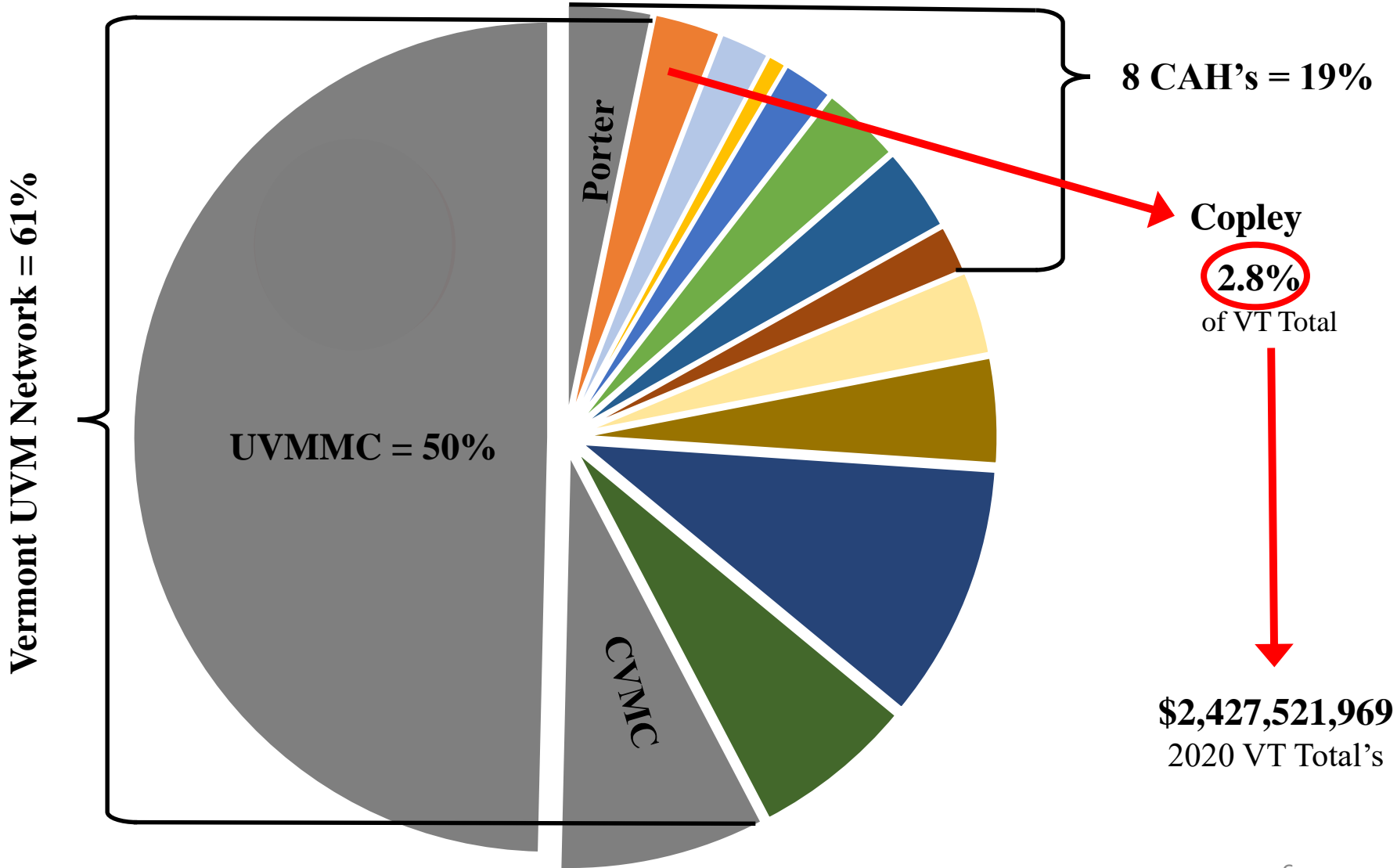


\$69 million Net Revenue: 2.8% of the State's oversight of 14 Hospitals

# Overview: Size



- Porter
- Copley
- Gifford
- Grace Cottage
- Mount Ascutney
- North Country
- Northeastern
- Springfield
- Brattleboro
- Northwestern
- Rutland
- Southwestern
- CVMC
- UVMMMC



# Overview: Payment Methods



50%	The University of Vermont Medical Center	Tertiary PPS
	Brattleboro Memorial Hospital	PPS
	Central Vermont Medical Center	PPS
31%	Northwestern Medical Center	PPS
	Rutland Regional Medical Center	PPS
	Southwestern VT Medical Center	PPS
	Copley Hospital	CAH
	Gifford Medical Center	CAH
	Grace Cottage Hospital	CAH
19%	Mt. Ascutney Hospital & Health Ctr	CAH
	North Country Hospital	CAH
	Northeastern VT Regional Hospital	CAH
	Porter Medical Center	CAH
	Springfield Hospital	CAH

**PPS:** A healthcare payment system used by the federal government since 1983 for reimbursing healthcare providers/agencies for medical care provided to Medicare and Medicaid participants. The payment is fixed and based on the operating costs of the patient's diagnosis.

**CAH:** Medicare pays CAHs 101% of allowable costs for most services. However, due to Medicare sequestration CAHs have been receiving 99% allowable costs since 04/01/13.

# COVID-19 Accomplishments



## Providing Leadership & Being a Community Resource:

1. Initiated community collaboration with 3 different local partners & their leadership team with regular meetings:
  - a. Coronavirus Response Team - Copley Hospital (CRT-CH): Hospital with internal providers and staff (clinical and non-clinical). Met daily > now monthly.
  - b. Coronavirus Response Team - Morrisville (CRT-MV): Consists of Copley Hospital, Community Services of Lamoille Valley, Lamoille County Mental Health Services, Lamoille Home Health and Hospice, Tamarack Family Medicine, and The Manor. Met weekly > now monthly
  - c. Coronavirus Response Team Lamoille Valley (CRT-LV): Consists of representatives of different healthcare organizations throughout the Lamoille Valley; CRT-MV and 39 other organizations.
  - d. Above groups shared resources and policies to support each other
2. Providing regular updates to our community partners about:
  - a. What the state was up to
  - b. What Copley was up to
  - c. What COVID was up to
3. Assisted our community partners with policy, procedure, & protocol development
4. Shared the expertise, time, and energy of our Infection Prevention nurse
5. Shared PPE and PPE resourcing knowledge
6. COVID Testing
7. Vaccinating



# COVID-19 Accomplishments (cont.)



## Resource Management:

1. Changes to Hospital Operations
  - a. Universal masking >>> Testing: patients, staff, the community
  - b. Thoughtful and adaptive visitor policy
  - c. Screening: staff, patients, visitors
    - Developed a “home grown” no-touch employee temperature screening and data collection process for supervisors.
      - ✓ Evolved into a daily attestation of health for all staff via an employee health pledge.
    - Vaccination sticker implementation
  - d. Changes to Hospital cleaning practices
    - Planned and implemented the new EraDocate cleaning process.
  - e. Rapidly recovered and rebooted our elective surgeries after Vermont (The Nation) suspended services
  - f. Copley was one of the first Vermont Hospitals to have nursing students, volunteers, and our therapy dog (Misty!) back at the hospital after reopening.
2. Changes to the Hospital physically
  - a. Engineered new COVID Isolation Rooms
    - Transformed our ICU capable beds into our now COVID Isolation Unit 5 New Isolation Rooms
      - ✓ Each room can be used as an Isolation Room individually, or all 5 can be used as a unit
    - Transformed an ED room into a new COVID Isolation Room
  - b. Altogether our 25 bed hospital has 9 COVID Isolation Rooms
  - c. Engineered how to selectively turn one of our ORs into a negative pressure OR
  - d. Transformed many high-touch surfaces into no-touch surfaces
    - Most internal doors now held open selectively magnetically

# COVID-19 Accomplishments (cont.)



## Resource Management (cont.):

3. Marshalled resources effectively
  - a. PPE
    - Acquired PPE creatively & industriously
    - Initiated a “Burn Rate” approach tracking system for PPE over time
    - Shared PPE and PPE sourcing information with community partners
  - b. Acquired 3 new advanced Hamilton T1 ventilators
  - c. Mgmt. of expenses enhanced when Sr. Leadership & Physicians took a pay reduction, w/no expectation for renumeration or back-pay.
  - d. Secured future federal monies to keep the hospital afloat and the doors open:
    - PPP Loan (Payroll Protection Program) & PRF Grant (Provider Relief Fund)
4. Added new telehealth technologies in an effort to adapt and accommodate the new patient care landscape.
  - a. Force Therapeutics to assist with Total Joint Replacement Surgeries, ‘pre-hab’ and surgical preparation, as well as post-operative care.
    - Gave patients resources to review for all physical therapy exercises.
    - Allowed direct contact to nurses/providers in the event that patients run into complications after discharge.
  - b. EASE is a mobile app in the OR for physicians/nurses to communicate and update loved ones while in surgery, and immediately after. Patients and families have found this a significant improvement in communications under COVID restrictions.

## COVID PCR Testing:

1. At the start of the pandemic, the ability to do real-time COVID PCR Testing was limited throughout the state.
2. Some hospitals rapidly knew the COVID status of their patients, other hospitals (most) did not.
3. This led to significant variation in patient management, standards of care differed throughout the state.
4. Although Copley did have the ability to do real-time COVID PCR Testing from the beginning, we felt strongly there should be one standard of care for all Vermonters.

# COVID-19 Accomplishments (cont.)



## COVID PCR Testing (cont.):

5. Working with our own Ethics Committee and collaborating with VAHHS, VMS, CRT-MV, and the Vermont Ethics Network, we strongly advocated to ensure that on-site COVID Testing capacity in the form of rapid Cepheid Analyzers and test kits, were available to all VT hospitals.
  - a. Allowed for 1-hour testing and a more fair and equitable distribution process, throughout the state.
6. Developed covered all-weather drive-thru COVID testing early in the pandemic, one of the first few in VT.
7. Although we had a Cepheid 1-hour COVID PCR Analyzer, we also needed an analyzer with higher through-put.
8. Toward that end, we were the first in the State to acquire a Rheonix PCR COVID Testing Analyzer on-site.
9. This combined with the Cepheid Analyzer allowed Copley to be the first VT CAH to be self-sufficient with COVID PCR Testing.
10. Primarily using these systems, along with limited use of UVM, VDH, & Broad (mostly early on), we performed well over 20,000 tests to date.
11. In April 2020, early in the pandemic, Copley acquired the testing equipment and conducted a real world clinical effectiveness study of Antibody Testing, Ray Biotech, Inc. The first of its kind in the state of Vermont.

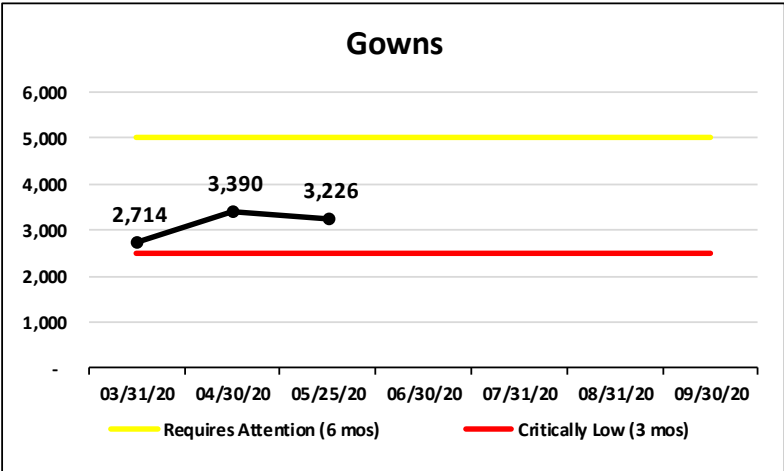
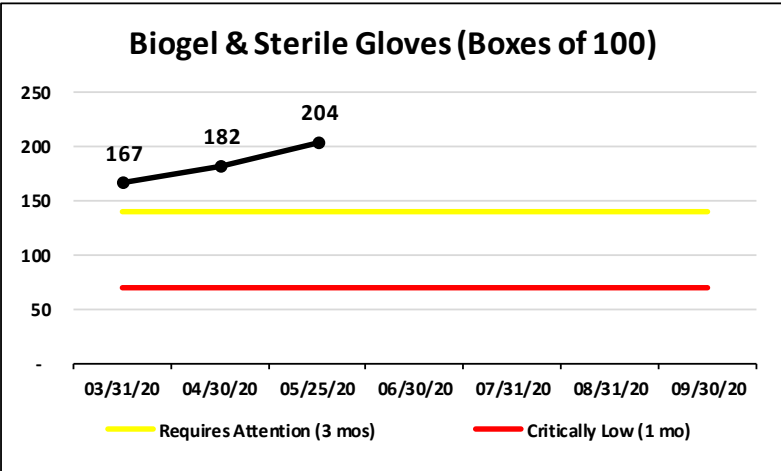
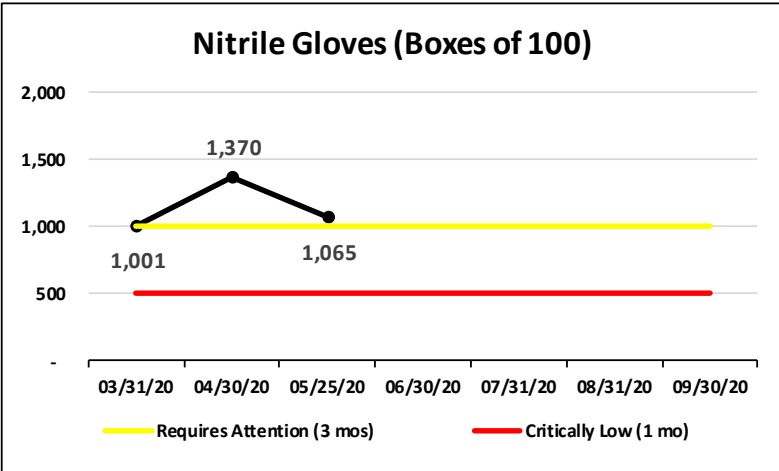
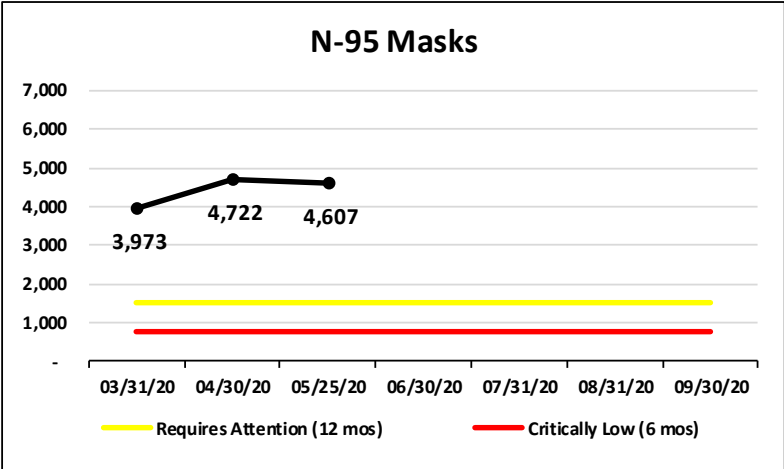
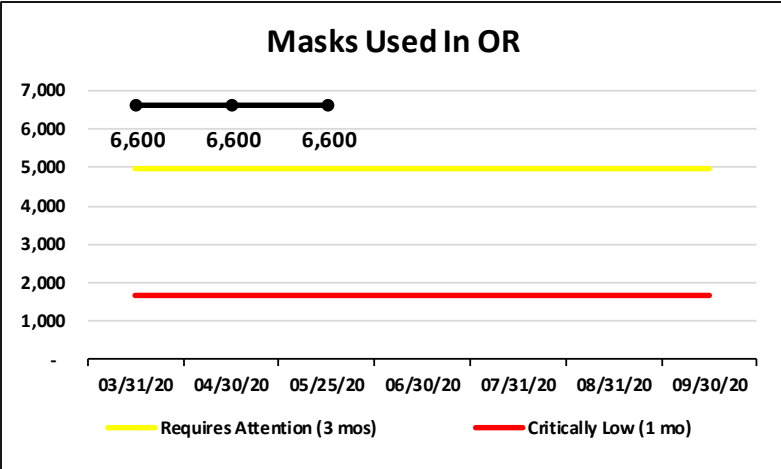
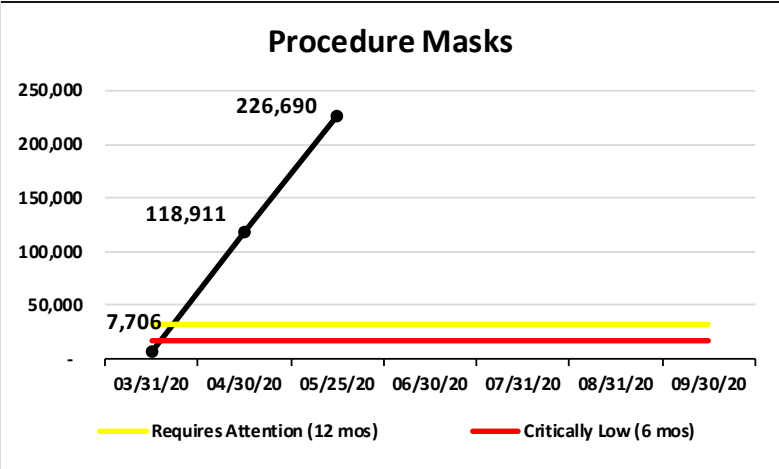
## COVID Vaccinations:

1. Took the lead role in creating and managing the vaccine clinics, primarily responsible for COVID vaccinations in this area.
2. Responsible for giving a total of 14,150 vaccine doses
3. Phase 1: Healthcare worker & 1st Responder Clinics in Stevens Conference Room at Copley – 2,916 doses
4. Community Clinics at the Local VFW – 11,234 doses
  - a. Developed a great relationship with the local Volunteer Veterans to staff our clinics.
  - b. Community physicians, nurses and staff volunteered to help with our clinic labor needs.
5. Lamoille County was #1 in the State in terms of vaccination rates: 86.5%, while Chittenden County was at 85.8%.

# COVID-19 Accomplishments (cont.)



## Quantities On Hand Of Critical PPE

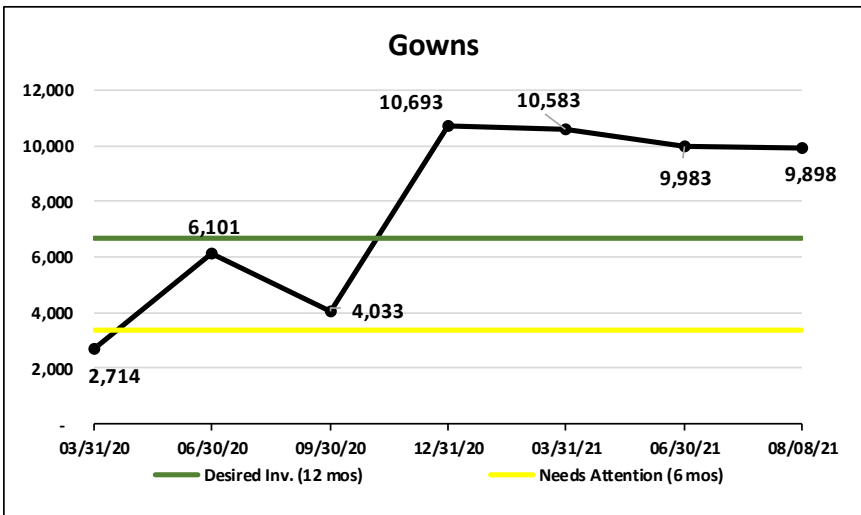
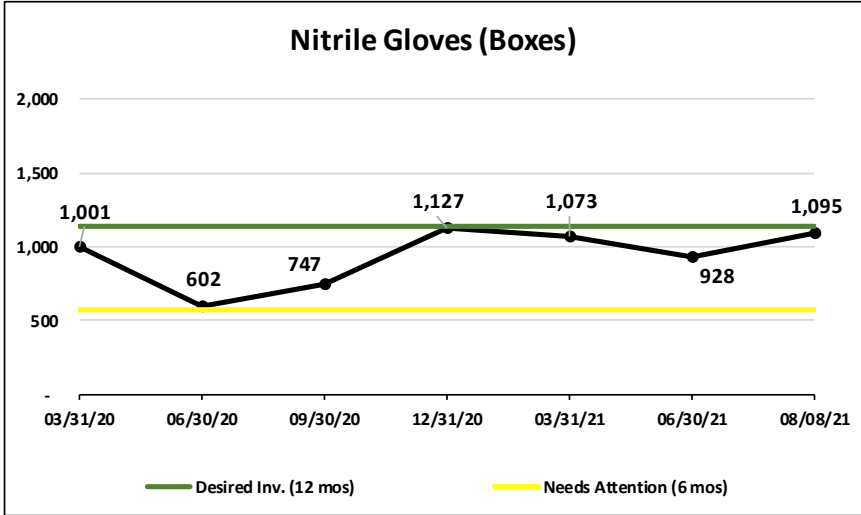
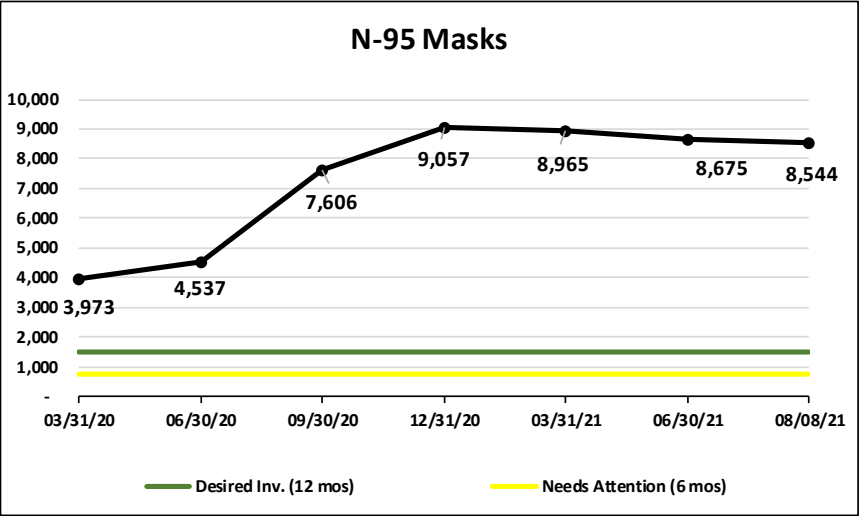
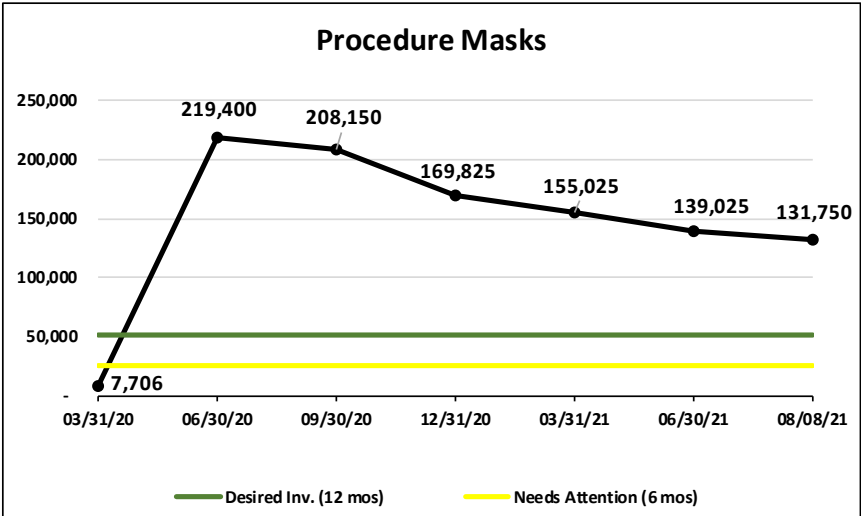




# COVID-19 Accomplishments (cont.)



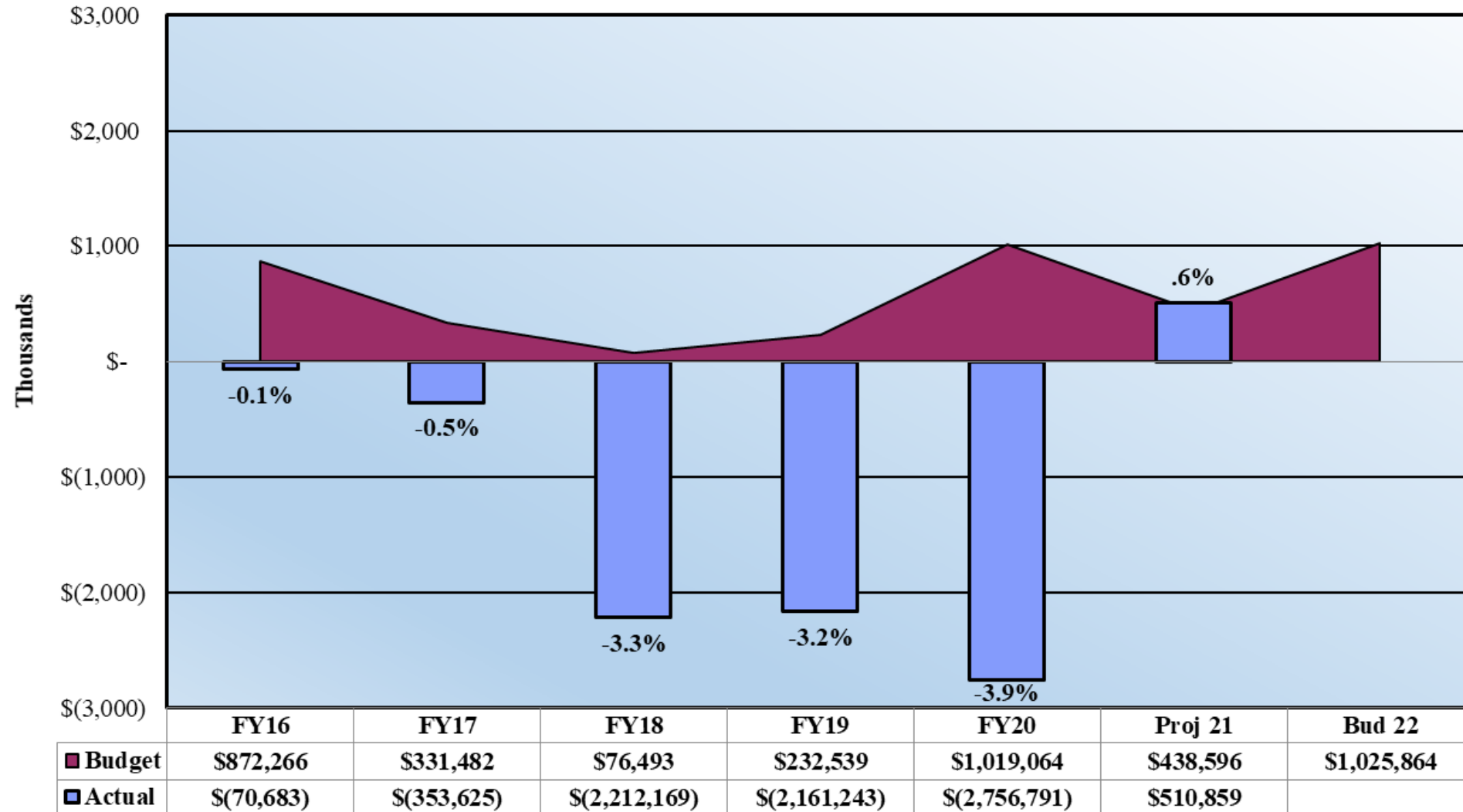
Quantities On Hand Of Critical PPE



# Financials: Past Overall Performance



## Copley Hospital Operating Gain (Loss)



# Financials: Current



## Income Statement

	2021P	2021B	2022B
<b>REVENUES</b>			
<b>Gross Patient Care Revenue</b>	<b>\$142,618,471</b>	<b>\$139,322,909</b>	<b>\$154,475,253</b>
Disproportionate Share Payments	\$ 500,596	\$ 455,000	\$ 455,000
Graduate Medical Education Payments	\$ -	\$ -	\$ -
Bad Debt	\$ (3,240,542)	\$ (2,872,182)	\$ (4,439,159)
Free Care	\$ (1,192,697)	\$ (1,359,701)	\$ (1,564,242)
Deductions From Revenue	\$ (63,244,160)	\$ (64,176,272)	\$ (67,513,111)
<b>Net Patient Care Revenue (NPR)</b>	<b>\$ 75,441,668</b>	<b>\$ 71,369,754</b>	<b>\$ 81,413,741</b>
Fixed Prospective Payments (FPP)	\$ 4,940,234	\$ 4,820,035	\$ 4,976,779
<b>TOTAL NPR &amp; FPP</b>	<b>\$ 80,381,902</b>	<b>\$ 76,189,789</b>	<b>\$ 86,390,520</b>
Other Operating Revenue	\$ 1,816,499	\$ 828,681	\$ 1,014,326
<b>TOTAL OPERATING REVENUE</b>	<b>\$ 82,198,401</b>	<b>\$ 77,018,470</b>	<b>\$ 87,404,846</b>
<b>EXPENSE</b>			
Salaries/Contracts/Benefits	\$ 44,061,026	\$ 43,710,712	\$ 49,045,925
Health Care Provider Tax	\$ 4,276,021	\$ 4,363,408	\$ 5,016,920
Depreciation/Amortization	\$ 2,731,629	\$ 2,808,850	\$ 3,331,448
Interest - Short and Long Term	\$ 100,000	\$ 100,000	\$ 114,000
Other Operating Expenses	\$ 30,518,866	\$ 25,596,904	\$ 28,870,689
<b>TOTAL OPERATING EXPENSE</b>	<b>\$ 81,687,542</b>	<b>\$ 76,579,874</b>	<b>\$ 86,378,982</b>
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$ 510,859</b>	<b>\$ 438,596</b>	<b>\$ 1,025,864</b>
Non-Operating Revenue	\$ 354,889	\$ 302,200	\$ 302,184
<b>EXCESS (DEFICIT) OF REV OVER EXP</b>	<b>\$ 865,748</b>	<b>\$ 740,796</b>	<b>\$ 1,328,048</b>

## Balance Sheet

	2021 P	2021 B	2022 B
Cash & Investments	\$ 22,921,064	\$ 9,739,446	\$ 8,477,021
Net Patient Accounts Receivable	5,703,000	6,054,000	6,469,000
Other Current Assets	5,000,000	5,000,000	5,000,000
<b>Current Assets</b>	<b>\$ 33,624,064</b>	<b>\$ 20,793,446</b>	<b>\$ 19,946,021</b>
Board Designated Assets	\$ 3,203,096	\$ 4,565,157	\$ 1,439,601
Net, Property, Plant And Equipment	27,256,658	26,094,597	29,322,337
Other Long-Term Assets	2,600,000	2,600,000	2,600,000
<b>Assets</b>	<b>\$ 66,683,818</b>	<b>\$ 54,053,200</b>	<b>\$ 53,307,959</b>
Accounts Payable	\$ 2,600,000	\$ 2,430,000	\$ 2,740,000
Salaries, Wages And Payroll Taxes Payable	4,847,000	4,729,000	5,309,000
COVID-19 Funding Short-Term Liabilities	16,900,000	1,000,000	1,100,000
ACO Risk Reserve/Settlement Receivable	210,226	-	1,047,288
Other Current Liabilities	1,342,969	1,412,969	1,418,657
<b>Current Liabilities</b>	<b>\$ 25,900,195</b>	<b>\$ 9,571,969</b>	<b>\$ 11,614,945</b>
Long Term Liabilities	\$ 9,233,776	\$ 9,233,776	\$ 8,815,119
COVID-19 Funding Long-Term Liabilities	-	100,000	-
Fund Balance	31,549,847	35,147,455	32,877,895
<b>Liabilities and Equities</b>	<b>\$ 66,683,818</b>	<b>\$ 54,053,200</b>	<b>\$ 53,307,959</b>

## Cash Flow

	2021 P	2022 B
<b>Cash flows from operation:</b>		
<b>Net income (loss)</b>	<b>\$ 865,748</b>	<b>\$ 1,328,048</b>
Adjustments to net income (loss):		
Depreciation and amortization	2,731,629	3,331,448
<b>Change in operating assets and liabilities:</b>		
Accounts receivable	(689,269)	(766,000)
Other current assets	(392,414)	-
Accounts payable	(1,452,691)	140,000
Third party payers	(2,420,583)	(14,892,938)
Accrued payroll and other	(6,142,318)	467,688
<b>Net cash provided by (used in) operation</b>	<b>\$ (7,499,898)</b>	<b>\$ (10,391,754)</b>
<b>Cash flows from investing:</b>		
Capital expenditures	\$ (2,482,679)	\$ (3,633,632)
<b>Net cash provided by (used in) investing</b>	<b>\$ (2,482,679)</b>	<b>\$ (3,633,632)</b>
<b>Cash flows from financing:</b>		
Due to (from) related entities		
Payment on long term loans	\$ (709,560)	\$ (418,657)
<b>Net cash provided by (used in) financing</b>	<b>\$ (709,560)</b>	<b>\$ (418,657)</b>
<b>Net increase (decrease) in cash</b>	<b>\$ (10,692,137)</b>	<b>\$ (14,444,043)</b>
<b>Total cash &amp; investments, beginning balance</b>	<b>\$ 33,613,201</b>	<b>\$ 22,921,064</b>
<b>Total cash &amp; investments, ending balance</b>	<b>\$ 22,921,064</b>	<b>\$ 8,477,021</b>

# Net Patient Revenue: Assumptions



## Volume:

- Budget 2021 volumes expectation reduced up to 5% due to the uncertainty caused by the pandemic
- Added Neurologist in Fiscal Year 2021
- Added Podiatrist in Fiscal Year 2021

	<b>Budget 2022</b>	
	<b>Increase/Decrease Comparison</b>	
	<b>Annualized 2021</b>	<b>Budget 2021</b>
<b>Inpatient</b>	1.7%	-8.6%
<b>Outpatient</b>	-0.3%	13.2%
<b>Clinic</b>	-1.8%	5.4%
<b>Overall</b>	<b>-0.2%</b>	<b>5.6%</b>

## Payer Mix:

- Medicare volumes continue to increase due to the aging demographics of our community.
  - Vermont is the 3rd oldest state and is aging at a faster rate
  - % of Vermonters age 65+ is growing while the % under age 20 is declining

(source: State Health Assessment Plan: Healthy Vermonters 2020; Vermont Department of Health State Health Assessment)



# Net Patient Revenue: Assumptions (cont.)



## **Medicare:**

Critical Access Hospital (CAH) payments are based on costs and the share of those costs allocated to Medicare patients. Copley receives cost-based reimbursement for inpatient and outpatient services provided to Medicare patients. The cost of treating Medicare patients is estimated using cost accounting data from Medicare cost reports.

Copley has realized the rate increase in its NPR for Medicare due to the relationship in the increase of cost per services unit as compared to the increase in charges.

## **Medicaid:**

Copley is not budgeting any additional reimbursement from Medicaid.

## **Commercial:**

Increases in gross charges will increase net patient service revenue but not on a dollar for dollar basis. Commercial insurance impact varies depending on the individual payer contracts.



## Rate Increase:

- Copley has requested a rate increase of 5.0%, and each 1% is worth \$734,279 which results in a total request of \$3,809,489 related to rate.

## Financial Pressures:

- Copley has budgeted an overall operating margin of 1.17% or \$1,025,864. After years without generating income from operations, Copley needs to achieve a reasonable operating margin for the next several years in order to rebuild cash reserves necessary to weather unexpected downturns, take on risk in payment reform, invest in necessary equipment and infrastructure improvements, and provide financial stability for our employees and community.
- Inflationary expenses growth
  - Related to the rising costs in the labor market and the use of travelers to fill key staffing vacancies.
  - Shifts due to COVID-19 and other world events. For example, insurance premiums have increased wildly in 2021, cyber was up 70% and property increased by 40%.
- Aging infrastructure: Many of the buildings, which were built decades ago, are now in need of major renovations in order to ensure optimal operation of key functions. Over the years, Copley has made difficult decisions in prioritizing its needs with limited cash
- Shift to Medicare to provide care for an aging population.

# Rate Request: Past Performance & Comparison



	5 Yr (2017-2021)		10 Yr (2012-2021)		15 Yr (2007-2021)		2022	
	Ave submit	Thru 2020 Average Approved	Ave submit	Thru 2020 Average Approved	Ave submit	Thru 2020 Average Approved	Submitted	Approved
Brattleboro	5.12%	<b>4.28%</b>	4.82%	<b>4.34%</b>	5.54%	<b>5.03%</b>	5.10%	
Central Vermont	4.18%	<b>3.09%</b>	5.04%	<b>4.40%</b>	5.78%	<b>5.19%</b>	7.40%	
Copley	5.14%	<b>2.64%</b>	3.77%	<b>2.42%</b>	4.31%	<b>3.41%</b>	5.00%	
Fletcher Allen	3.84%	<b>2.93%</b>	4.50%	<b>4.83%</b>	5.47%	<b>5.53%</b>	7.10%	
Gifford	4.18%	<b>4.18%</b>	5.30%	<b>5.30%</b>	5.75%	<b>5.58%</b>	3.50%	
Grace Cottage	3.92%	<b>3.92%</b>	5.41%	<b>5.27%</b>	5.51%	<b>5.42%</b>	5.00%	
Mount Ascutney	4.10%	<b>4.10%</b>	4.49%	<b>4.49%</b>	5.35%	<b>5.25%</b>	<b>2.20%</b>	
North Country	3.99%	<b>3.99%</b>	5.08%	<b>5.08%</b>	5.27%	<b>5.15%</b>	4.90%	
Northeastern	3.90%	<b>3.38%</b>	5.05%	<b>4.77%</b>	5.65%	<b>5.38%</b>	3.00%	
Northwestern	7.58%	<b>4.88%</b>	4.72%	<b>3.30%</b>	5.99%	<b>4.30%</b>	3.00%	
Porter	3.57%	<b>3.02%</b>	4.95%	<b>4.67%</b>	5.96%	<b>5.47%</b>	5.90%	
Rutland	2.29%	<b>2.21%</b>	4.84%	<b>4.80%</b>	5.85%	<b>5.49%</b>	3.60%	
Southwestern	3.26%	<b>3.11%</b>	4.90%	<b>4.64%</b>	6.06%	<b>5.48%</b>	4.80%	
Springfield	4.10%	<b>4.10%</b>	4.66%	<b>4.52%</b>	4.62%	<b>4.48%</b>	<b>8.30%</b>	
System Average	4.23%	<b>3.56%</b>	4.82%	<b>4.49%</b>	5.51%	<b>5.08%</b>	4.91%	
System Wtg Avg							6.00%	
Median	4.05%	<b>3.65%</b>	4.87%	<b>4.66%</b>	5.60%	<b>5.32%</b>	4.95%	



Lowest Increase



Highest Increase

# Rate Request: Past, Comparison & Outcome



## \*2018 All Payer Cost of Care

	5 Yr (2017-2021)		10 Yr (2012-2021)		15 Yr (2007-2021)	
	Ave submit	Thru 2020 Average Approved	Ave submit	Thru 2020 Average Approved	Ave submit	Thru 2020 Average Approved
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Gifford	4.18%	<b>4.18%</b>	5.30%	<b>5.30%</b>	5.75%	<b>5.58%</b>
Grace Cottage	3.92%	<b>3.92%</b>	5.41%	<b>5.27%</b>	5.51%	<b>5.42%</b>
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North Country	3.99%	<b>3.99%</b>	5.08%	<b>5.08%</b>	5.27%	<b>5.15%</b>
Northeastern	3.90%	<b>3.38%</b>	5.05%	<b>4.77%</b>	5.65%	<b>5.38%</b>
Northwestern	7.58%	<b>4.88%</b>	4.72%	<b>3.30%</b>	5.99%	<b>4.30%</b>
Porter	3.57%	<b>3.02%</b>	4.95%	<b>4.67%</b>	5.96%	<b>5.47%</b>
Rutland	2.29%	<b>2.21%</b>	4.84%	<b>4.80%</b>	5.85%	<b>5.49%</b>
Southwestern	3.26%	<b>3.11%</b>	4.90%	<b>4.64%</b>	6.06%	<b>5.48%</b>
Springfield	4.10%	<b>4.10%</b>	4.66%	<b>4.52%</b>	4.62%	<b>4.48%</b>
System Average	4.23%	<b>3.56%</b>	4.82%	<b>4.49%</b>	5.51%	<b>5.08%</b>
Median	4.05%	<b>3.65%</b>	4.87%	<b>4.66%</b>	5.60%	<b>5.32%</b>



Lowest Increase



Highest Increase

### 15 Year Average:

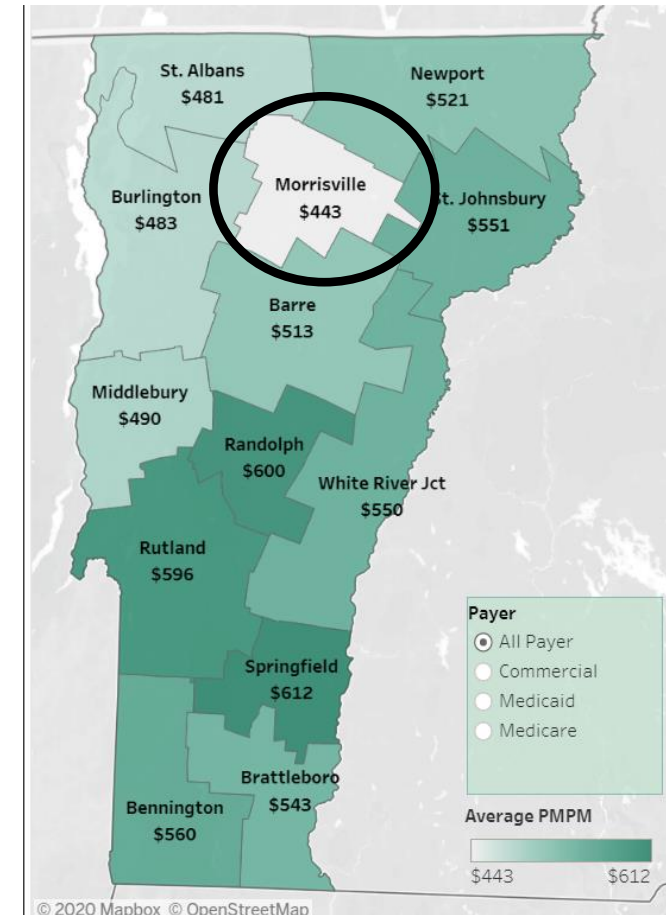
- **Lowest**
- 1.68% lower than system average
- 2.17% lower than system high

### 10 Year Average:

- **Lowest**
- 2.07% lower than system average
- 2.88% lower than system high

### 5 Year Average:

- Second Lowest
- 0.92% lower than system average
- 2.24% lower than system high

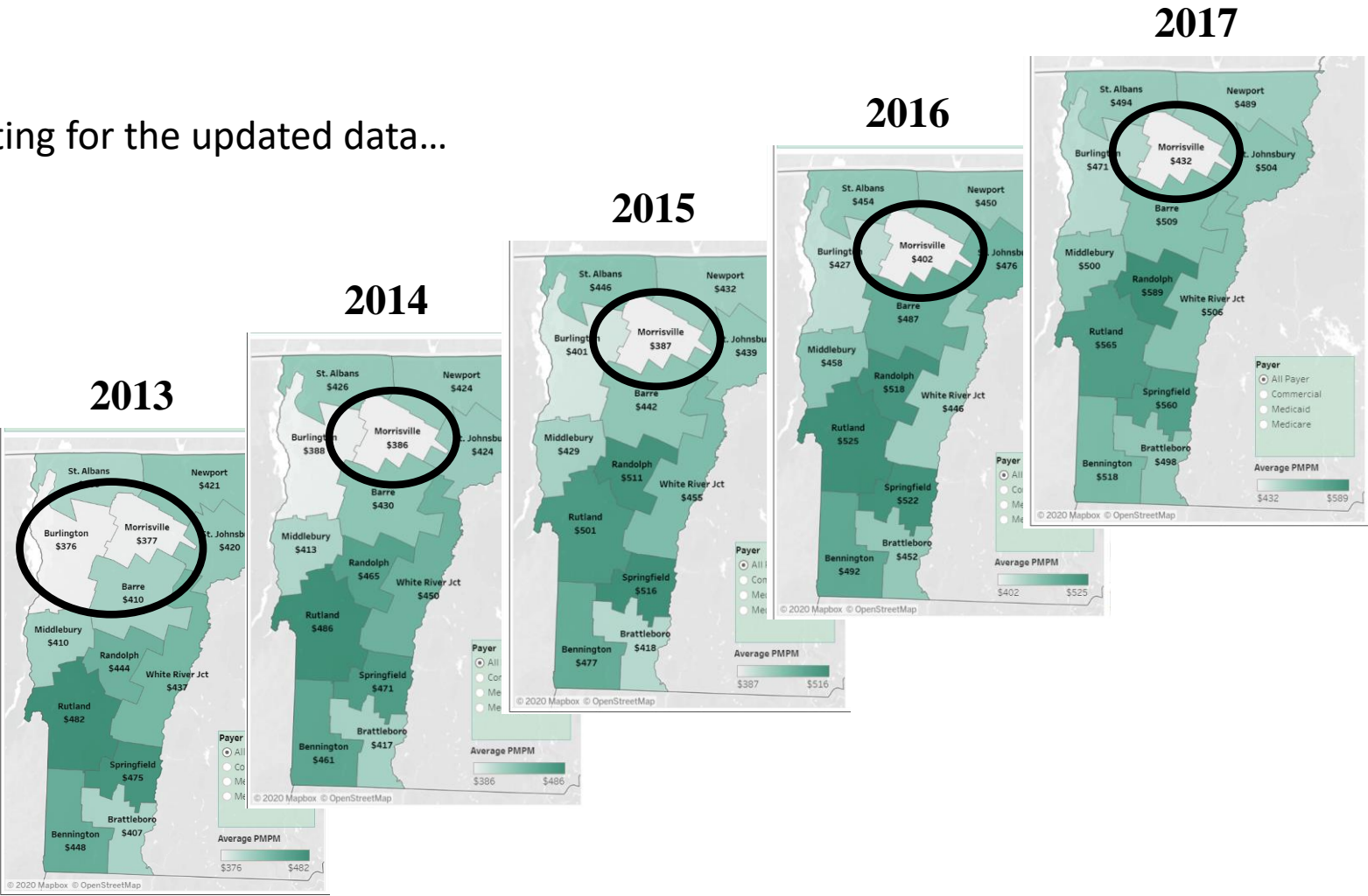




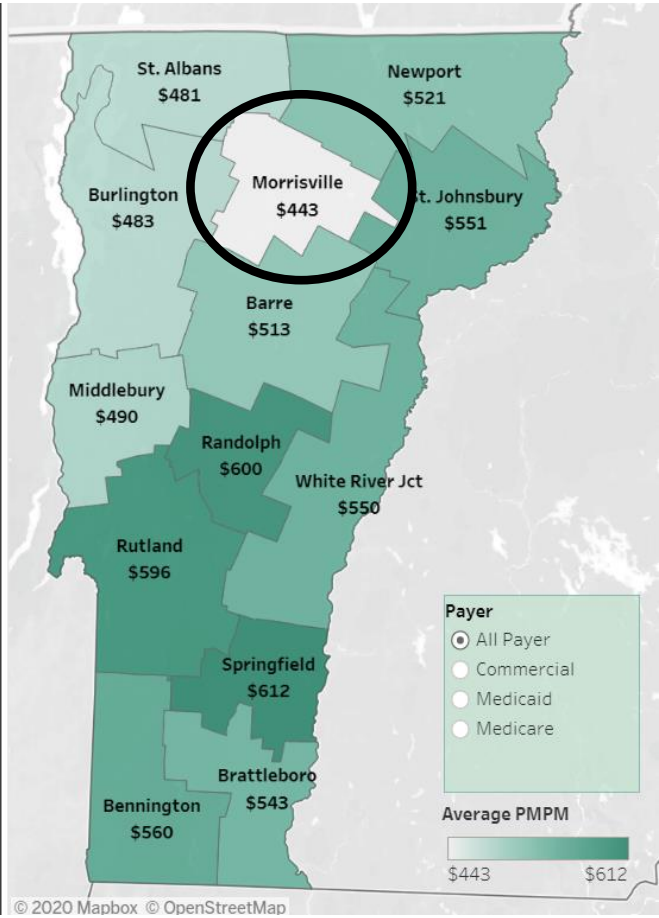
# Rate Request: Past, Comparison & Outcome (cont.)



Waiting for the updated data...



**\*2018 All Payer Cost of Care**



\* Source: GMCB Estimates from 2018 Expenditure Analysis

# Price Comparisons



## FY 2021 Pricing Comparison for Laboratory Services:

CPT	CPT Description	Copley Price	Quest* Price	Other VT Hospital Comparisons				
				VT Avg	A	B	C	D
80053	COMPREHEN METABOLIC PANEL	\$ 87	\$ 88	\$ 122	\$ 112	\$ 173	\$ 190	\$ 123
80061	LIPID PANEL	\$ 60	\$ 148	\$ 107	\$ 102	\$ 178	\$ 106	\$ 86
84443	ASSAY THYROID STIM HORMONE	\$ 93	\$ 130	\$ 169	\$ 177	\$ 293	\$ 228	\$ 101
85025	COMPLETE CBC W/AUTO DIFF WBC	\$ 45	\$ 46	\$ 81	\$ 52	\$ 132	\$ 113	\$ 41
80178	ASSAY OF LITHIUM	\$ 42	\$ 63	\$ 101	\$ 89	\$ 128	\$ 286	\$ 49
80048	BASIC METABOLIC PANEL	\$ 53	\$ 70	\$ 95	\$ 74	\$ 140	\$ 115	\$ 88
87088	CULTURE URINE**	\$ 24	\$ 31	\$ 69	NA	\$ 27	\$ 188	\$ 62
85652	SEDIMENTATION RATE	\$ 11	\$ 37	\$ 42	\$ 50	\$ 48	NA	\$ 35
85027	HEMOGRAM & PLATELET W/O DIFF	\$ 33	\$ 34	\$ 66	\$ 48	\$ 109	\$ 80	\$ 37
87070	CULTURE BACTERIAL	\$ 54	\$ 90	\$ 155	\$ 231	\$ 180	\$ 380	\$ 60

### Notes:

In this requested study – Copley is the lowest on ALL tests.

1. \*Quest Pricing updated as of 02/01/21, pricing verified through Quest automated phone system, as well as Quest customer support.
2. \*\*Culture Urine Quest price not available from Quest. Used NH Quest pricing located on NHHealthcost.nh.gov
3. Copley Pricing updated as of 10/01/20
4. Other VT Hospital Comparison as of 10/01/20

# Price Comparisons (cont.)



## FY 2021 Inpatient Room and Bed:

FY 2021 Inpatient Room and Bed:			Vermont Hospitals													
CPT	Description	Copley	VT Avg	A	B	C	D	E	F	G	H	I	J	K	L	M
	Semi Private Medical Surgical Room & Bed Rate	\$ 1,300	\$ 2,163	\$1,964	\$1,770	\$2,158			\$2,738	\$2,866		\$1,526	\$2,629	\$1,453		\$2,360

## FY 2021 Emergency Room Levels of Care:

99281	EMERGENCY VISIT LEVEL 1	\$ 242	\$ 269	\$ 253	\$ 210	\$ 273	\$ 201	\$ 251	\$ 302	\$ 386	\$ 205	\$ 177	\$ 339	\$ 213	\$ 324	\$ 368
99282	EMERGENCY VISIT LEVEL 2	\$ 351	\$ 387	\$ 444	\$ 370	\$ 397	\$ 310	\$ 280	\$ 450	\$ 386	\$ 352	\$ 226	\$ 502	\$ 266	\$ 362	\$ 685
99283	EMERGENCY VISIT LEVEL 3	\$ 580	\$ 633	\$ 759	\$ 551	\$ 655	\$ 574	\$ 415	\$ 847	\$ 691	\$ 531	\$ 378	\$ 592	\$ 567	\$ 676	\$ 991
99284	EMERGENCY VISIT LEVEL 4	\$ 882	\$ 975	\$1,265	\$ 953	\$ 995	\$ 882	\$ 663	\$ 951	\$1,038	\$ 945	\$ 782	\$1,025	\$ 793	\$ 817	\$1,560
99285	EMERGENCY VISIT LEVEL 5	\$ 1,275	\$ 1,392	\$1,898	\$1,232	\$1,439	\$1,234	\$1,065	\$1,329	\$1,038	\$1,520	\$1,181	\$1,536	\$ 973	\$ 844	\$2,810

## FY 2021 Diagnostic Imaging:

73030	X-RAY EXAM OF SHOULDER	\$ 285	\$ 498	\$ 368	\$ 475	\$ 498	\$ 274	\$ 420	\$ 787	\$ 673	\$ 547	\$ 385	\$ 296	\$ 608	\$ 514	\$ 627
73630	X-RAY EXAM OF FOOT	\$ 283	\$ 448	\$ 368	\$ 440	\$ 497	\$ 274		\$ 587		\$ 477	\$ 385	\$ 278	\$ 455	\$ 593	\$ 580
77067	SCR MAMMO BI INCL CAD	\$ 421	\$ 508	\$ 383	\$ 621	\$ 577		\$ 524	\$ 491		\$ 360	\$ 605	\$ 485	\$ 558	\$ 422	\$ 566
74177	CT ABD & PELV W/CONTRAST	\$ 1,423	\$ 3,653	\$4,129	\$4,113	\$3,768	\$3,338	\$3,572	\$4,467	\$1,100	\$3,325	\$2,983	\$3,673	\$3,436	\$3,660	\$5,921
73610	X-RAY EXAM OF ANKLE	\$ 267	\$ 458	\$ 368	\$ 443	\$ 537	\$ 274		\$ 856		\$ 477	\$ 385	\$ 296	\$ 455	\$ 390	\$ 561
70450	CT HEAD/BRAIN W/O DYE	\$ 936	\$ 1,583	\$1,204	\$1,641	\$1,756	\$1,678	\$1,668	\$1,779	\$ 533	\$1,694	\$1,579	\$1,601	\$1,802	\$ 858	\$2,788
73110	X-RAY EXAM OF WRIST	\$ 272	\$ 497	\$ 368	\$ 475	\$ 539	\$ 256		\$ 967		\$ 454	\$ 385	\$ 353	\$ 530	\$ 570	\$ 567
73562	X-RAY EXAM OF KNEE 3	\$ 373	\$ 531	\$ 368	\$ 475	\$ 578			\$ 976	\$ 553	\$ 747	\$ 429	\$ 240	\$ 434	\$ 418	\$ 624
73560	X-RAY EXAM OF KNEE 1 OR 2	\$ 193	\$ 480	\$ 368	\$ 444	\$ 481	\$ 244	\$ 429	\$ 805	\$1,013	\$ 635	\$ 385	\$ 213	\$ 387	\$ 341	\$ 491
73130	X-RAY EXAM OF HAND	\$ 213	\$ 463	\$ 368	\$ 475	\$ 512	\$ 274	\$ 477	\$ 828		\$ 414	\$ 337	\$ 388	\$ 434	\$ 505	\$ 543
74176	CT ABD & PELVIS W/O CONTRAST	\$ 1,172	\$ 3,046	\$2,467	\$3,187	\$3,037	\$2,742	\$3,414	\$2,821	\$1,056	\$3,325	\$2,640	\$3,525	\$2,840	\$3,598	\$4,941
73721	MRI JNT OF LWR EXTRE W/O DYE	\$ 1,665	\$ 3,001	\$2,363	\$2,823	\$3,164			\$2,925	\$3,319	\$4,321	\$2,866	\$2,962	\$2,944	\$1,525	\$3,803

In this 80/20 study – Copley is below the average in 18 out of 18 charges.

# Operating Margin: Past Results



## CAH 5 Year Operating Margins

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	5 Year Avg
★ Copley	(\$70,683)	(\$353,625)	(\$2,212,169)	(\$2,161,242)	(\$2,756,792)	(\$1,510,902)
★ Gifford	\$2,609,679	(\$874,293)	(\$5,369,446)	(\$413,707)	\$1,417,726	(\$526,008)
Grace	(\$1,447,624)	(\$1,270,782)	(\$556,530)	(\$1,301,798)	\$237,545	(\$867,838)
Mt. Ascutney	\$141,292	\$1,390,379	\$1,052,255	(\$42,885)	\$538,310	\$615,870
North Country	\$141,751	(\$1,871,960)	(\$1,883,575)	\$1,676,946	\$3,336,242	\$279,881
Northeastern	\$1,487,940	\$1,477,373	\$1,430,264	\$1,627,193	\$1,181,218	\$1,440,798
Porter	\$1,450,905	\$2,196,330	\$1,492,207	\$4,705,271	\$3,673,600	\$2,703,663
Springfield	\$181,122	(\$3,835,857)	(\$6,996,078)	(\$9,021,952)	(\$5,314,274)	(\$4,997,408)

The GMCB has a statutory obligation to ensure that hospital budgets “promote efficient and economic operation of the hospital” and “reflect budget performances for prior years”. 18 VSA 9456 (3) & (4). In its 2020 hospital budget review, the Board ordered 6 of the 14 hospitals to complete sustainability plans to address concerns about consistent operating losses.

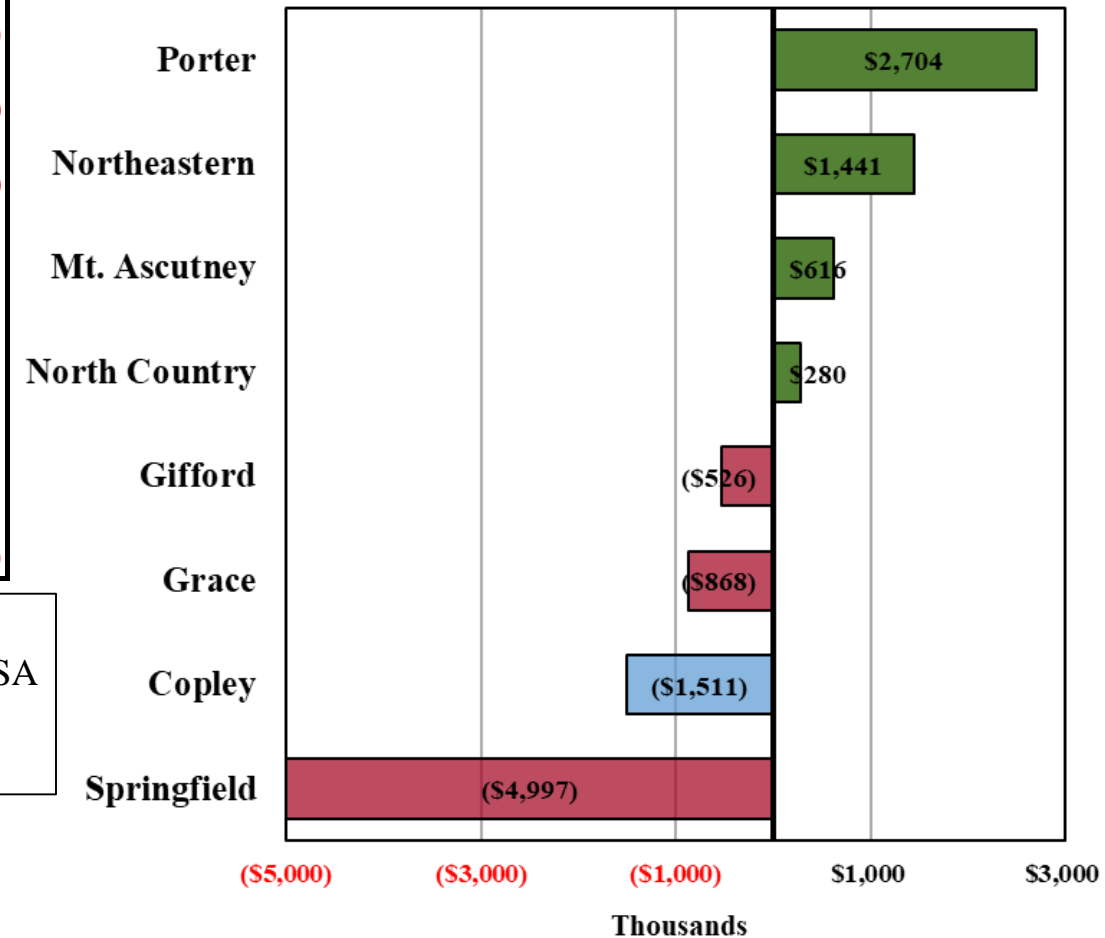
★ Required to participate in sustainability planning

Brattleboro  
CVMC

Copley  
Gifford

North Country  
Northwestern

## CAH 5 Year Average Operating Margins (2016 – 2020):



# Operating Margin: Past Results & Rate Requests



## CAH 5 Year Operating Margins

FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	5 Year Avg
(\$70,683)	(\$353,625)	(\$2,212,169)	(\$2,161,242)	(\$2,756,792)	(\$1,510,902)
Approved Rate Increases					
-4.0%	-3.7%	-3.4%	4.5%	9.8%	0.6%
Requested Rate Increases					
-3.0%	0.0%	0.0%	7.9%	9.8%	2.9%

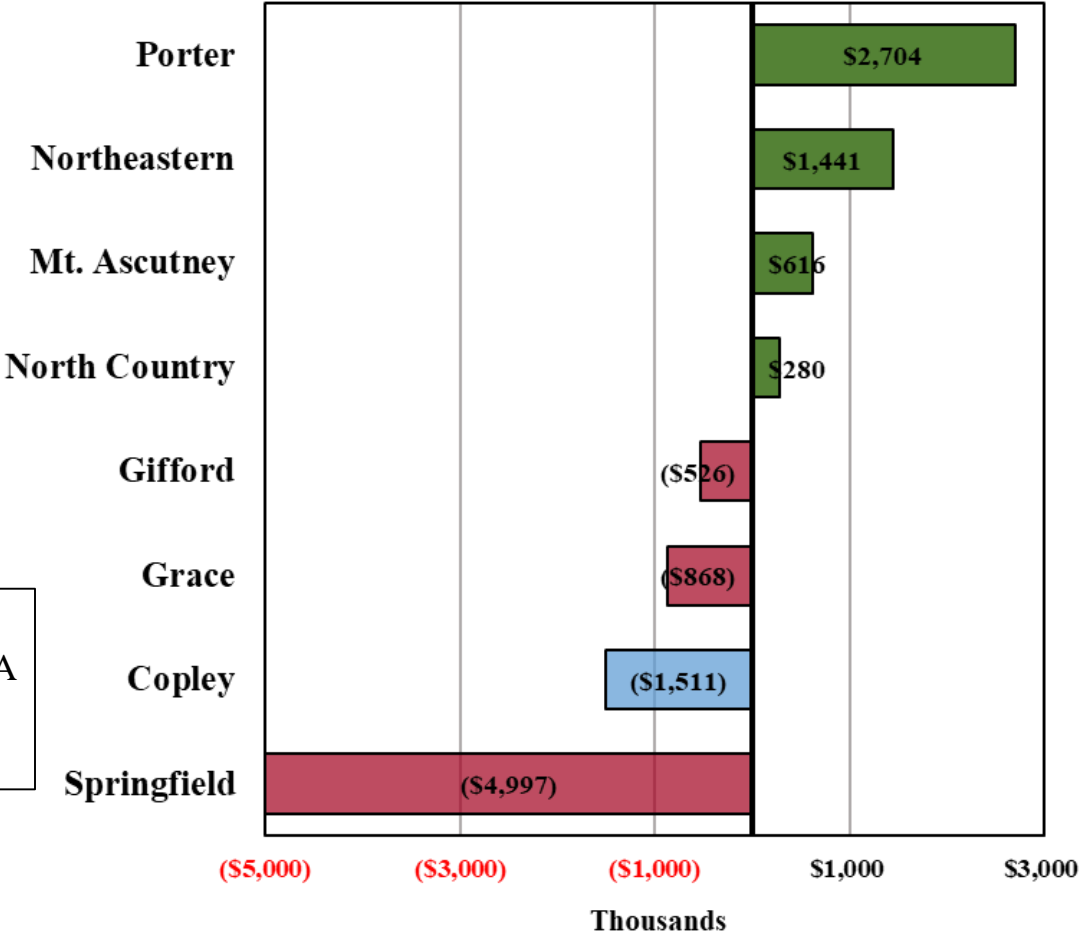
★ Copley

The GMCB has a statutory obligation to ensure that hospital budgets “promote efficient and economic operation of the hospital” and “reflect budget performances for prior years”. 18 VSA 9456 (3) & (4). In its 2020 hospital budget review, the Board ordered 6 of the 14 hospitals to complete sustainability plans to address concerns about consistent operating losses.

★ Required to participate in sustainability planning

- Brattleboro  
CVMC
- Copley  
Gifford
- North Contry  
Northwestern

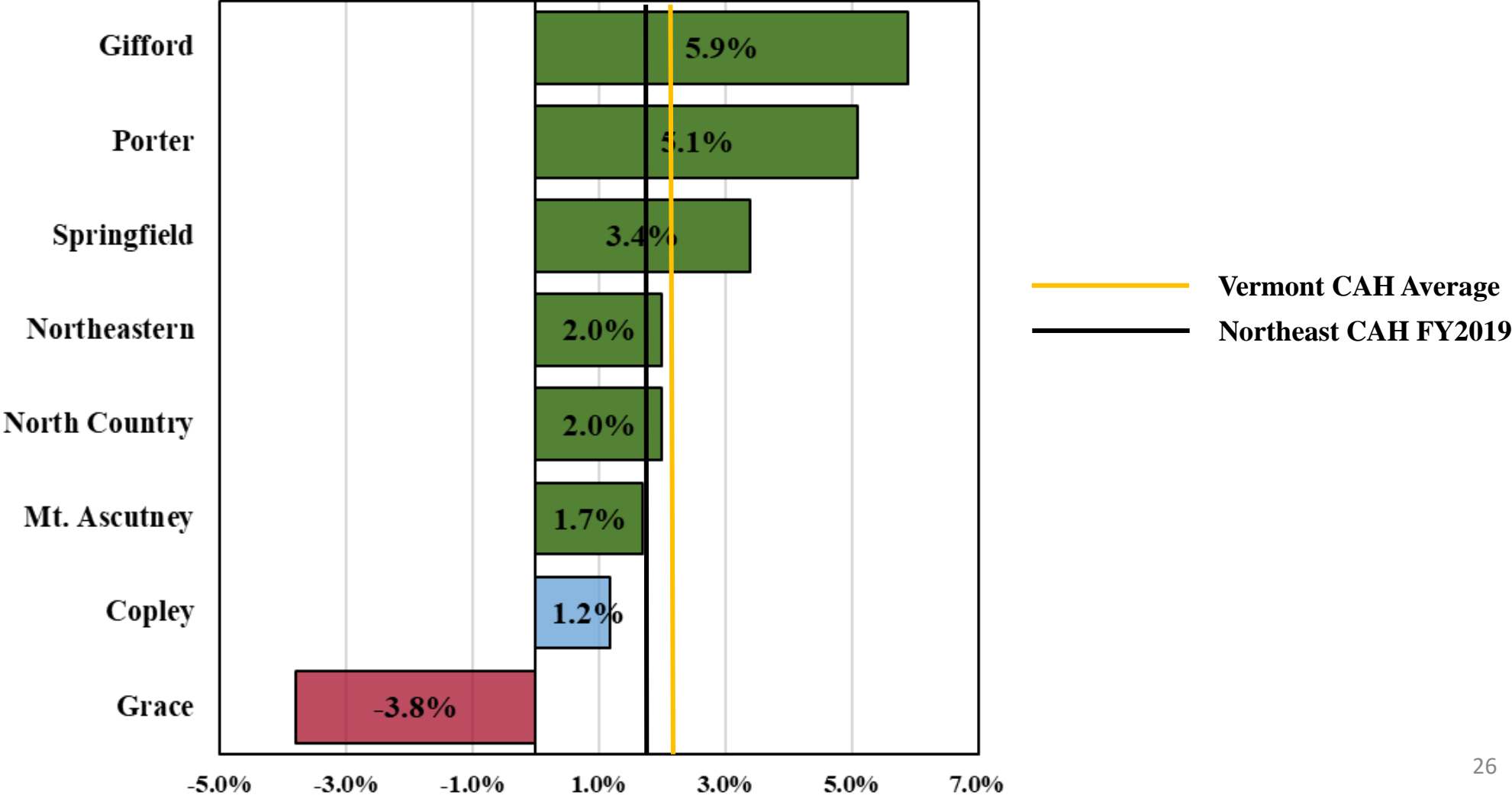
## CAH 5 Year Average Operating Margins (2016 – 2020):







## CAH Budget 2022 Operating Margins (%) Request



# LTD to Cap: Past Results & Comparison



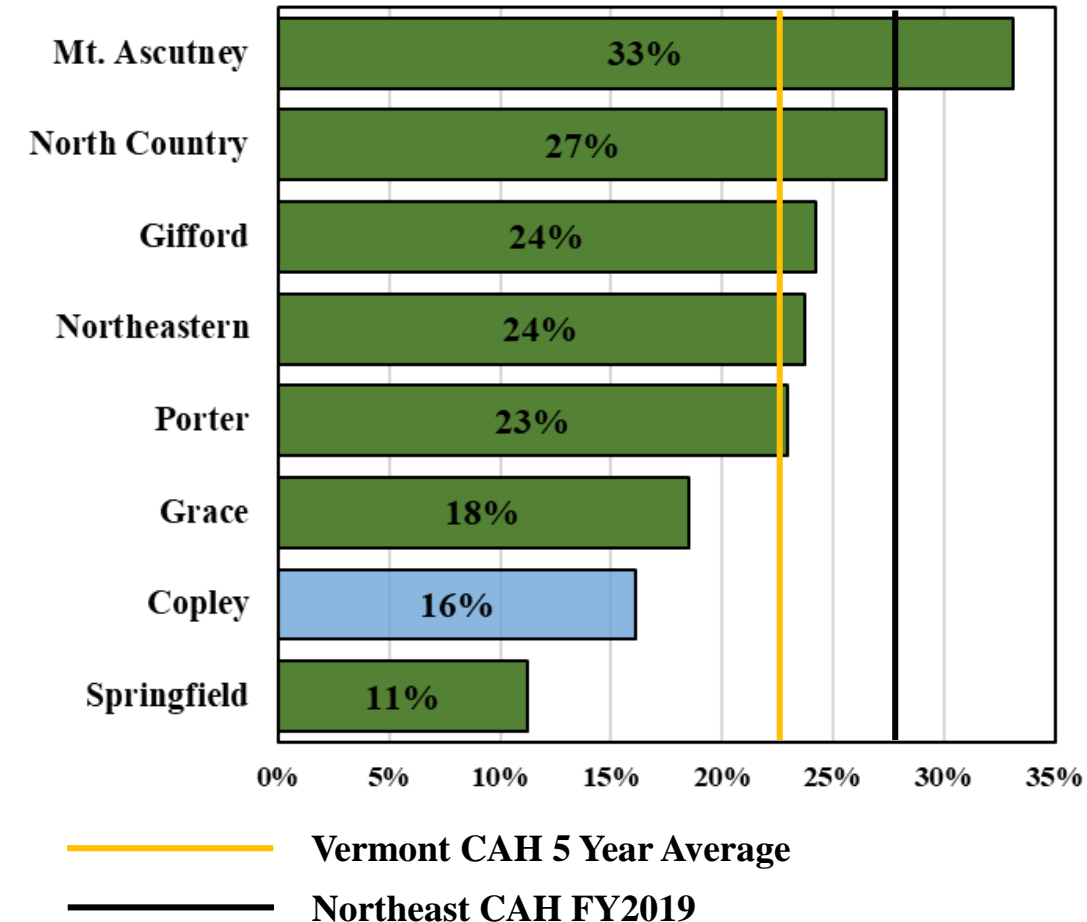
## CAH 5 Year Long Term Debt to Capitalization

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	5 Year Average
Copley	5.5%	19.2%	18.7%	18.5%	18.7%	16.1%
Gifford	25.6%	23.6%	23.5%	22.9%	25.4%	24.2%
Grace	25.8%	20.8%	14.4%	13.0%	NA	18.5%
Mt. Ascutney	36.1%	31.1%	28.4%	30.0%	39.8%	33.1%
North Country	29.6%	27.8%	25.0%	24.4%	30.4%	27.4%
Northeastern	23.8%	22.9%	21.0%	19.7%	31.2%	23.7%
Porter	30.5%	25.0%	21.5%	20.3%	17.5%	23.0%
Springfield	30.6%	36.2%	7.4%	-13.9%	-4.1%	11.2%

### Notes:

- 2020 Copley PPP loan removed from calculation
- 2020 Grace NA due to inability to remove PPP loan
- 2016–20 Re-calculated Springfield ratio's based on audited financials

## CAH 5 Year Average Long Term Debt to Cap (2016 – 2020):



# DCOH: Past Results (w/o COVID Advance Payments)



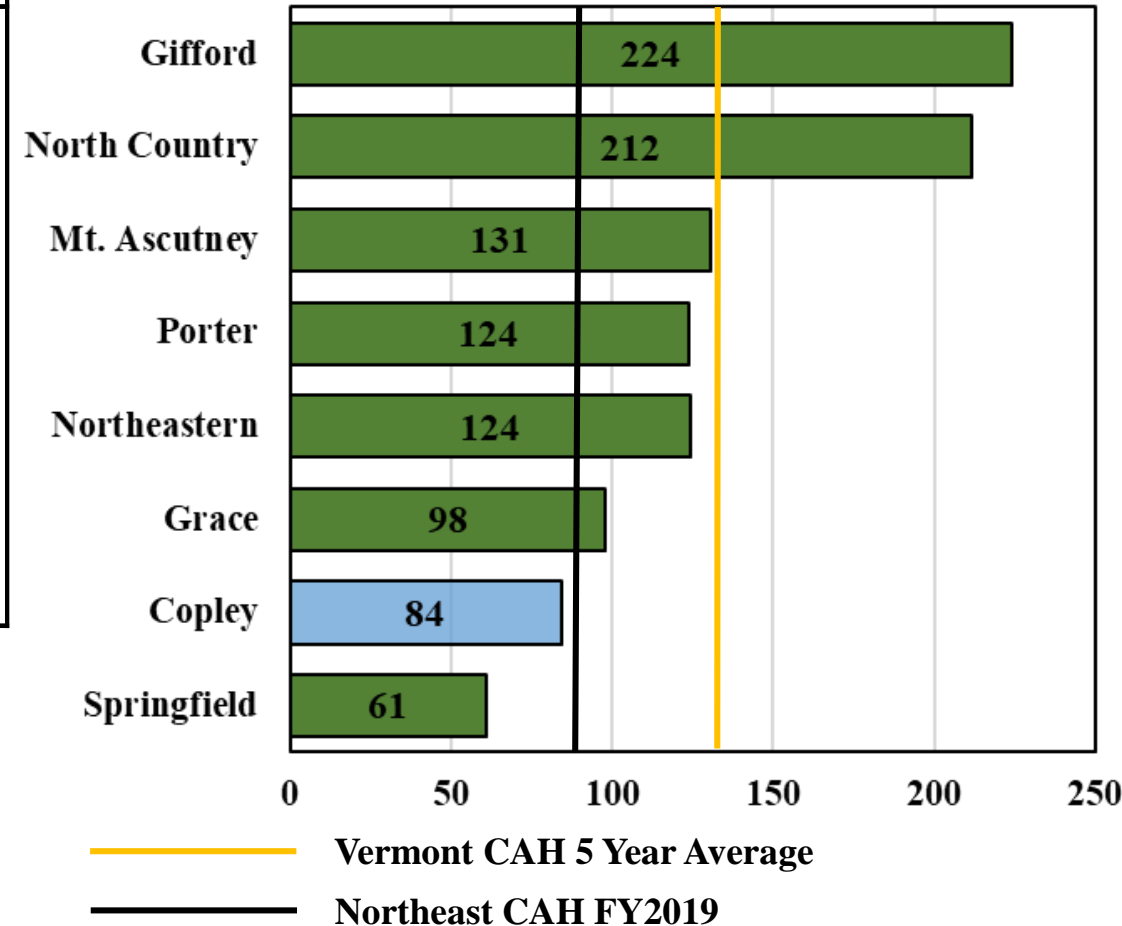
## CAH 5 Year Days Cash on Hand (without COVID-19 Advance Payments)

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	5 Year Average
Copley	82	84	64	62	130	84
Gifford	181	209	224	237	270	224
Grace	78	86	92	93	142	98
Mt. Ascutney	91	119	132	144	168	131
North Country	169	185	213	221	270	212
Northeastern	123	124	120	107	147	124
Porter	101	119	128	129	141	124
Springfield	104	101	47	17	38	61

### Notes:

- Removed 2020 COVID-19 Advance Payments
- Included 2020 COVID-19 Grants

## CAH 5 Year Average Days Cash on Hand (2016 – 2020):



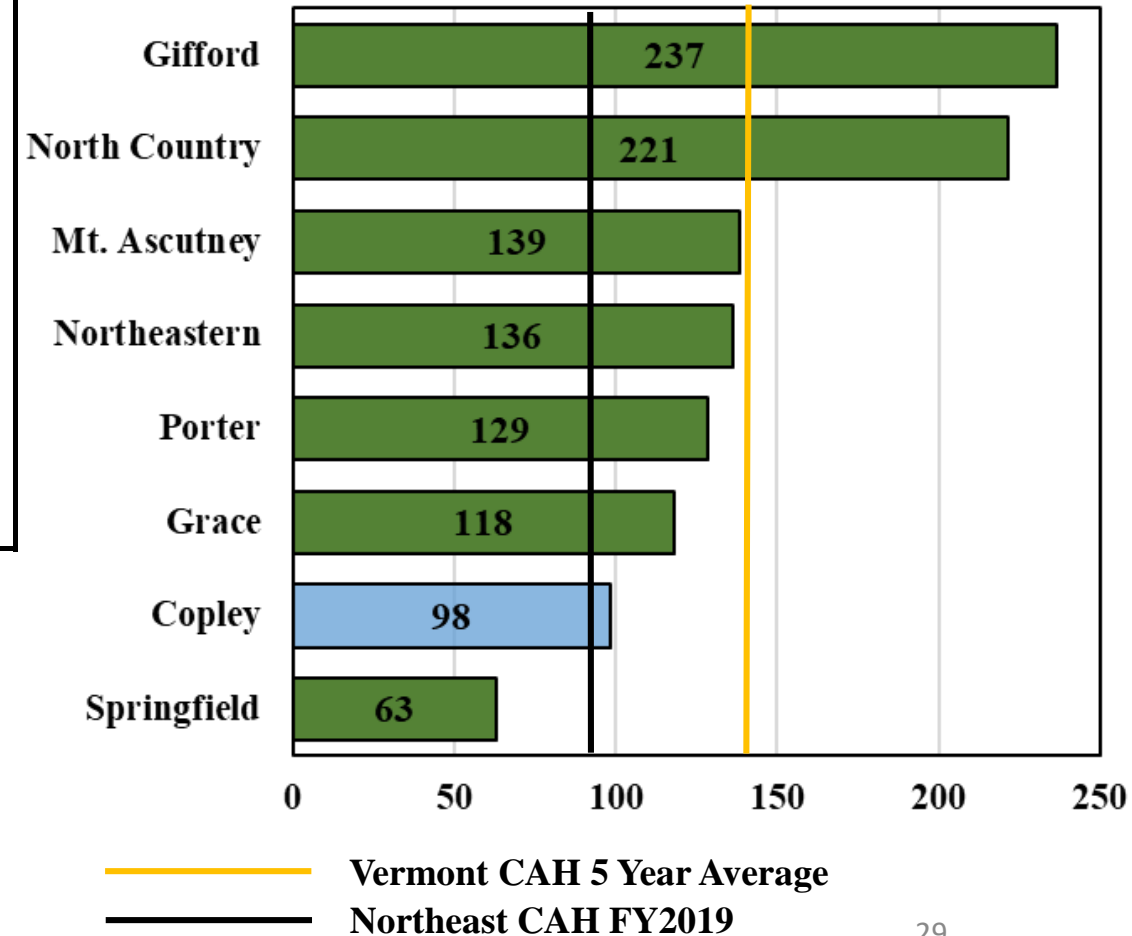
# DCOH: Past Results (with COVID Advance Payments)



## CAH 5 Year Days Cash on Hand (with COVID-19 Advance Payments)

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	5 Year Average
Copley	82	84	64	62	200	98
Gifford	181	209	224	237	333	237
Grace	78	86	92	93	241	118
Mt. Ascutney	91	119	132	144	207	139
North Country	169	185	213	221	318	221
Northeastern	123	124	120	107	207	136
Porter	101	119	128	129	167	129
Springfield	104	101	47	17	48	63

## CAH 5 Year Average Days Cash on Hand (2016 – 2020):



# DSCR: Past Results & Comparison (5 yrs.)

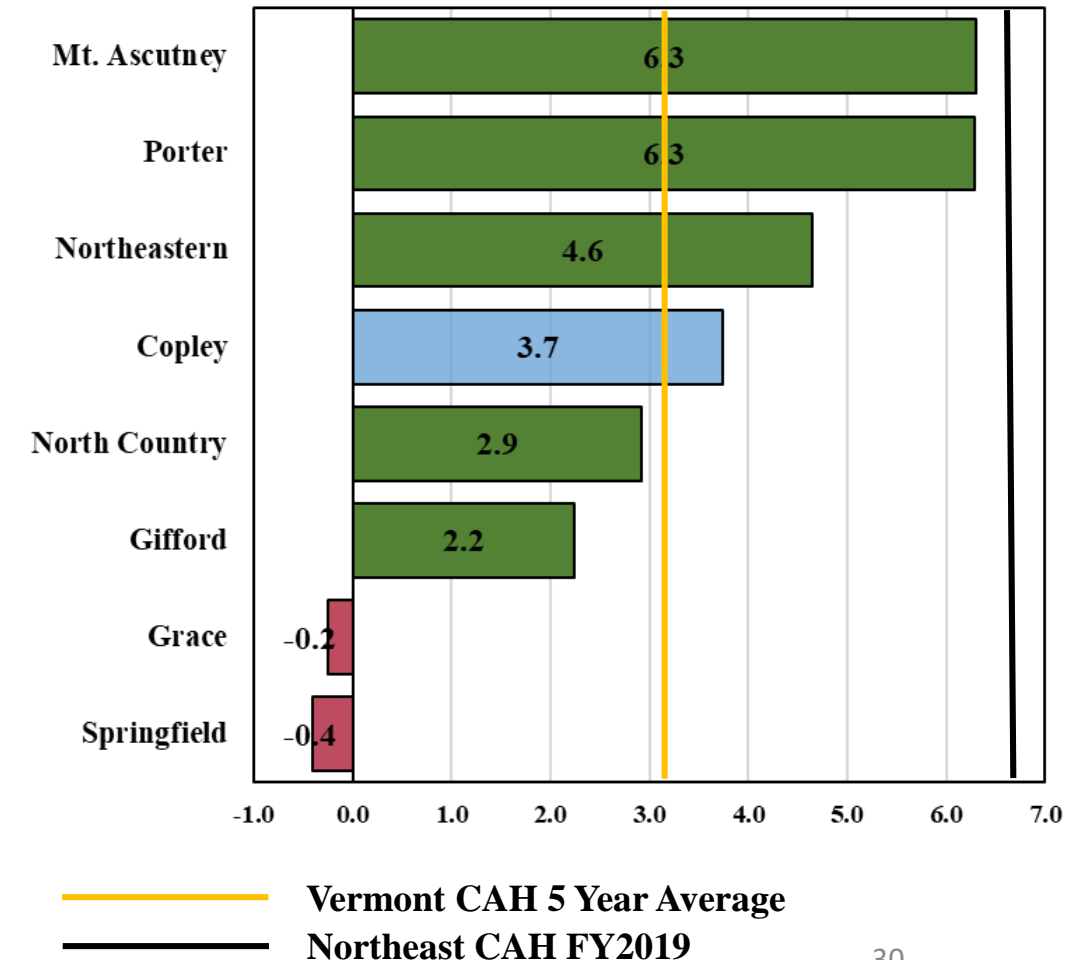


## CAH 5 Year Debt Service Coverage Ratio

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	5 Year Average
Copley	10.9	4.6	1.6	1.3	0.3	3.7
Gifford	4.6	2.2	-1.3	2.1	3.7	2.2
Grace	-1.2	-1.1	0.3	-1.1	1.9	-0.2
Mt. Ascutney	5.2	9.1	8.0	5.6	3.6	6.3
North Country	3.3	2.0	1.1	3.6	4.6	2.9
Northeastern	4.3	4.6	4.8	5.1	4.5	4.6
Porter	4.1	4.8	5.2	9.0	8.3	6.3
Springfield	1.0	-1.4	-0.4	-0.7	-0.4	-0.4

**DSCR:** is a popular benchmark used in the measurement of an entity's ability to produce enough cash to cover its debt (including lease) payments. The higher this ratio is, the easier it is to obtain a loan.

## CAH 5 Year Average DSCR (2016 – 2020):





# DSCR: Past Results & Comparison (4 yrs.)

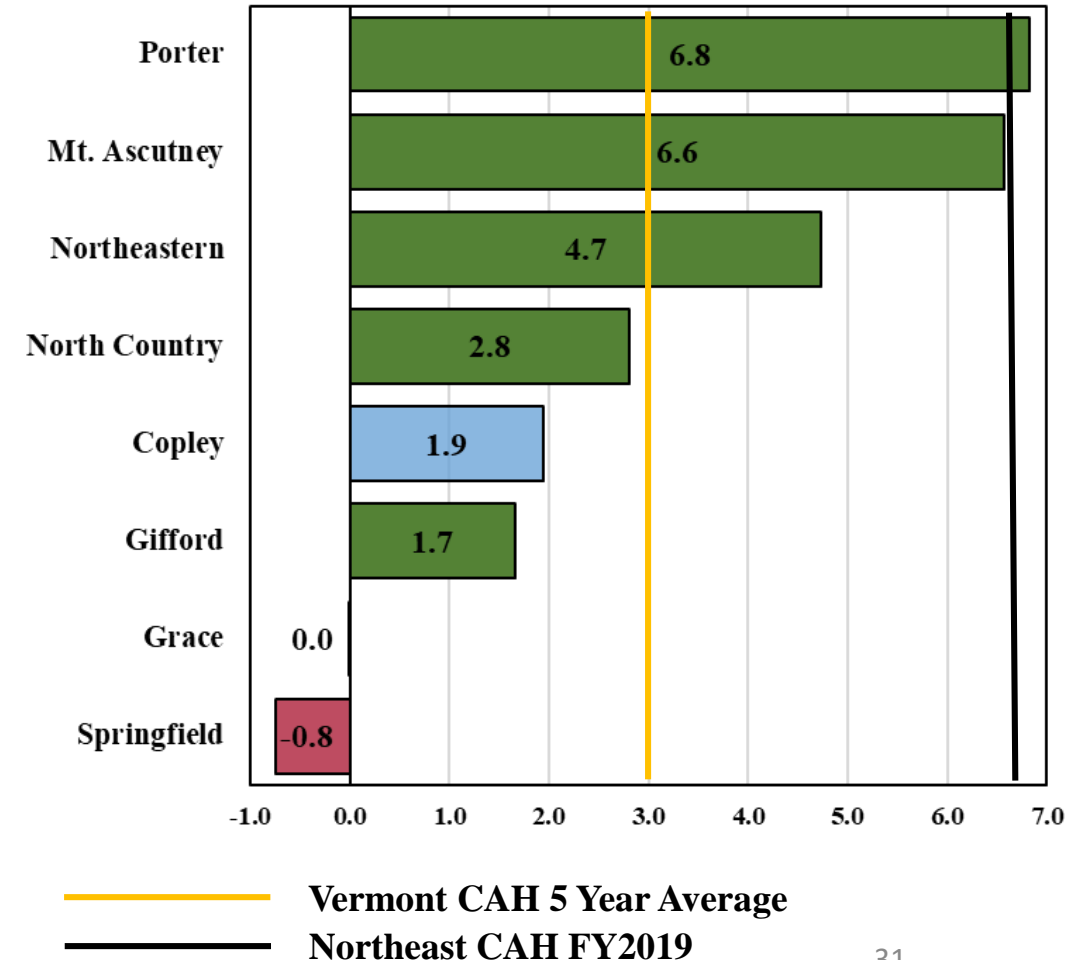


## CAH 4 Year Debt Service Coverage Ratio (DSCR)

	FY 2017	FY 2018	FY 2019	FY 2020	4 Year Average
Copley	4.6	1.6	1.3	0.3	1.9
Gifford	2.2	-1.3	2.1	3.7	1.7
Grace	-1.1	0.3	-1.1	1.9	0.0
Mt. Ascutney	9.1	8.0	5.6	3.6	6.6
North Country	2.0	1.1	3.6	4.6	2.8
Northeastern	4.6	4.8	5.1	4.5	4.7
Porter	4.8	5.2	9.0	8.3	6.8
Springfield	-1.4	-0.4	-0.7	-0.4	-0.8

**DSCR:** is a popular benchmark used in the measurement of an entity's ability to produce enough cash to cover its debt (including lease) payments. The higher this ratio is, the easier it is to obtain a loan.

## CAH 4 Year Average DSCR (2016 – 2020):



# Adjustments (provider transfers)



## **Neurology:**

- Neurologist, Jeanmarie Prunty, MD is offering clinics at Copley Hospital. Dr. Prunty is a Board Certified Neurologist who has been offering neurology care in our community for 30 years. From 1991, until joining Community Health Services of Lamoille Valley (CHSLV) in 2005, her neurology practice was under Copley Hospital. Dr. Prunty has made the decision to remain in our community and continue to serve her patients close to home. Dr. Prunty joins General Surgeons Donald Dupuis, MD and Courtney Olmsted, MD and Cardiologist Adam Kunin, MD in offering care through the hospital's Multi-Specialty Clinic.

## **Podiatry:**

- Dr. Ciara Hollister, a Podiatry Specialist, joined the orthopedic team at Mansfield Orthopaedics. Dr. Hollister brings more than 8 years of podiatry experience to Copley, coming most recently from Central Vermont Medical Center. For years, Copley has been providing foot care, and expanded services with the hiring of foot and ankle specialists Saul Trevino, MD (who has since retired) followed by Bryan Monier, MD to the Mansfield Orthopaedics practice. Foot health is an essential service. Dr. Hollister is an experienced provider and brings a level of skill to Copley's foot care program that will benefit our patients.



## **FY22 Operating Expenses:**

### ➤ Salaries & Wages

- FTE Increases Budget 2021 to Budget 2022 – Up 24 FTE's
  - ✓ Clinics – 7.6
  - ✓ Diagnostic Imaging – 1.3
  - ✓ Rehab – 2.1
  - ✓ Emergency Department – 2.2
  - ✓ Nursing Departments – 6.3
  - ✓ Information Systems – 2.5
  - ✓ Overhead Departments – 2.2
- Merit/Market Increase 4.0% (CONFIDENTIAL)



## **FY22 Operating Expenses:**

- Benefits – 4.0%
  - Health – 4.0% (self-insured)
  - Dental – 4.0%
  - Life & LTD/Other – 3.0%
- Utilities – 13.2%
  - Oil & Gas – 25.5%
  - Electricity – 4.1%
  - Water & Sewer – 10.1%
- Pharmaceuticals – 2.7% - 3.2%
- Provider Tax – 15.0% (up due to increase in net revenue)
- Other Non Salary increases ~ +3%



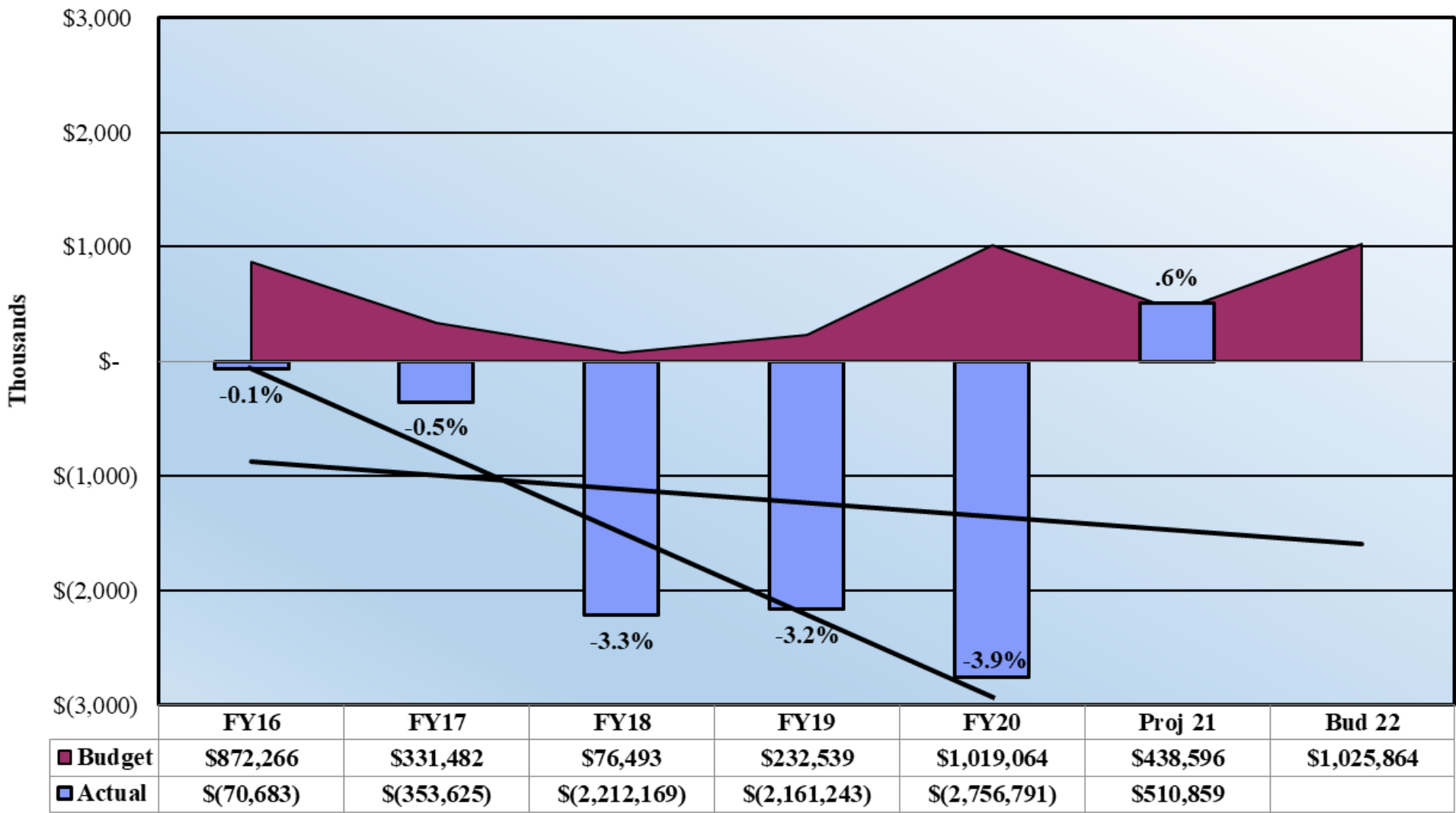
## **FY22 Non Operating:**

- Annual Fund ~\$245k
- Income/Gains on Investments ~\$57k





## Copley Hospital Operating Gain (Loss)





## RISKS:

- **COVID 19:** Concerns over a second (or third) wave or lingering operational expenses that continue. We do not know the future changes in volumes that might occur given this ongoing health crisis or the potential for permanent ‘demand destruction’ for legacy services.
- **Staffing:** A loss of one or more ‘key providers’ could bring about a devastating impact on financial performance. The same can be true of our nurses, support staff, technologists, billers, and even leadership. “Staffing – Staffing – Staffing”. Smaller organizations need to rely on good people and not just good systems; we need both. We also need travelers (nursing, lab techs, radiology techs, etc.).
- **Sustainability:** Our financial performance has been a concern over these past five years given our Operating Margin losses. We are assertively managing these issues, many of which are rooted in a need for improved operations, standardization, and increased accuracy in data collection, indicators, and management feedback.



## OPPORTUNITIES:

- ‘Opportunity’ in our organization is ongoing.
- Continue to build upon our outstanding reputation for clinical quality, patient experience, and coordination of care within our service areas
- Master Facility Plan in 2021/2022, involving input from our staff and community, so that we can be cost-effective, more integrated, and efficient in capital outlays.
- Continue the coordinated efforts initiated to address the COVID-19 emergency:
  - Copley Hospital (CAH)
  - Lamoille Health Partners (FQHC)
  - Tamarack Health Care (PCP Practice)
  - Lamoille County Mental Health Services (designated mental health agency)
  - Lamoille County Home Health and Hospice
  - The Manor (SNF)

# Value-Based Care Participation



## CY 2022 Participation:

- Medicaid – Yes, joined in CY 2020
- Commercial – Yes, will be joining in CY 2022
- Medicare – No

Value-Based Care Program	Participating in Program in Calendar Year (CY) 2022? (Yes/No)	Budgeted Number of Attributed Lives (monthly average for CY 2022)
Medicaid	Yes	5,105
Medicare	No	
Commercial (not Self-Insured)	Yes	3,407
Self-Insured	No	

# Capital Budget Plans



	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>Proj 2021</b>	<b>Budget 2021</b>	<b>Budget 2022</b>
<b>Equipment</b>	\$ 1,119,380	\$ 973,588	\$ 1,647,597	\$ 2,719,710	\$ 2,321,450	\$ 3,575,797
<b>Building</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,230,000
<b>Building Improverment</b>	\$ 851,277	\$ 449,283	\$ 497,221	\$ 1,219,970	\$ 1,560,500	\$ 341,330
<b>Lease Improvements</b>	\$ -	\$ 6,262	\$ -	\$ -	\$ -	\$ -
<b>Land Improvements</b>	\$ -	\$ -	\$ -	\$ 234,283	\$ 311,840	\$ -
<b>Land</b>	\$ -	\$ 44,048	\$ -	\$ -	\$ -	\$ 250,000
<b>Total</b>	<b>\$ 1,970,657</b>	<b>\$ 1,473,181</b>	<b>\$ 2,144,818</b>	<b>\$ 4,173,963</b>	<b>\$ 4,193,790</b>	<b>\$ 5,397,127</b>



# Capital Budget Plans (cont.)



## **1-2 MRI Equipment and Construction: \$2,700,000**

**Notes:** Upgrade of MRI and space renovation - \$1,230,000

MRI equipment - \$1,470,000

## **3. DI Replace X-ray Room R/F: \$500,000**

**Notes:** 10 years old retrofitted digital radiology room, has problems sending images, machine at end of life

## **4. Plant Air Handling Consolidation #2: \$350,000**

**Notes:** This is outlined in our Master Facilities report dated November 20, 2020 provided by L.N. Consulting for Assessment and Planning assistance on Roof Top Consolidations improvements; this report identifies opportunities to consolidate multiple existing smaller air handling units into larger central air handling unit systems.

# Capital Budget Plans (cont.)



## **5. Plant Property Acquisition: \$250,000**

## **6. Plant Infrastructure Improvements: \$246,000**

**Notes:** Existing Conditions to be Decommissioned or Demolished - \$100k  
Fire Department Connection Relocation - \$25k  
Negative Pressure Room Assessment - \$141k

## **7. DI Replace Ultrasound #2: \$150,000**

**Notes:** Part of package deal, second of 2 machines. The first is expected to come in 09/2021.

## **8. ACNU Philips Upgrade: \$141,750**

**Notes:** Current Cardiac monitors are not being supported, continuation of project started in FY2021.



# Copley Hospital 2022 Operational Budget

August 23<sup>rd</sup>, 2021

